WEST VIRGINIA INFORMATIONAL LETTER

NO. 57

DECEMBER, 1988

TO: ALL INSURANCE COMPANIES PROVIDING ACCIDENT AND SICKNESS INSURANCE IN WEST VIRGINIA

The purpose of this letter is to clarify the filing requirements for insurers providing accident and sickness coverage, group and individual, in West Virginia. The Commissioner has recently become aware of some misunderstanding of West Virginia filing requirements, especially with regard to group rates.

The Insurance Commissioner has historically regulated health insurance rates under the prior approval authority found in Chapter 33, Article 6, Sections 8 and 9 of the Code of West Virginia of 1931, as amended, which give the Commissioner authority to review forms and disapprove them if the benefits are not reasonable in relation to the premium charged. All rates, used by companies providing any accident and sickness coverage in West Virginia must be filed with, and receive approval from, the Offices of the Insurance Commissioner, including group programs. It would not be possible for the Commissioner to discharge his duties under the West Virginia Insurance Code unless all rates are filed in accordance with the requirements of Code Section 33-6-8. There are two exceptions to this filing requirement. One, group policies issued outside of West Virginia which are not mass marketed, and two, mass marketed policies offered to members of an association by an association whose primary purpose is not the sale of insurance. Otherwise, all group and individual plan rate adjustments must be filed with, and approved by, the Commissioner.

In addition, all insurers providing group accident and sickness coverage should be aware of the requirements for group conversion rates found in <u>West Virginia Code</u> Section 33-16A-2. One of the major points of the group conversion rate provisions is that the initial premium for the converted policy shall be determined in accordance with premium rates developed for individually underwritten standard risks. Please refer to <u>Code</u> section 33-16A-2 for details of rate development for group health conversion policies.

Informational Letter No. 17, regarding form and rate filing abstracts, was issued in April, 1983. A properly completed abstract must accompany <u>all</u> rate and form filings. If copies of Informational Letter 17 or appropriate abstracts are needed, please contact Yetta Kessinger of the Rates and Forms Division.

Any questions regarding this letter should be directed to Robert M. Adkins, J.D., Director, Rates and Forms Division.

Sincerely,

Hanley C. Clark Deputy Commissioner